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NEWSPAPER

Mini restaurants take Manhattan
Pushcart jockeys/Page 91

Bustle returns to Rush Street
Chicago's latest/Page 37

Martin's L.A. Report/Page 51

Nation's
Restaurant News®

The Weekly Newspaper of the Food-Service Industry

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Kevin Horan

Edwin, left, and William Zehnder.

Zehnder's sales zoom

Independent a big tourist draw

By Ken Frydman

FRANKENMUTH, Mich. — Nearly 60 years ago the Zehnder family struck upon a food-service formula that has propelled its 1,300-seat restaurant to $9.5 million in annual sales.

Tourists and chicken—from chicken noodle soup and chicken salad to chicken livers and fried chicken—have remained the keys to Zehnder's success since 1928, when William Zehnder Sr. opened the family-style restaurant on the site of the converted Exchange Hotel, built in 1856.

"Eighty per cent of our sales are chicken-related," said Dennis Newman, spokesman for the second-generation, Zehnder-owned operation. "And we serve 800,000 lb. of chicken to 800,000 customers—75% of them tourists—every year.

The 20% who do not order chicken

*(See **ZEHNDER'S**, page 125)*

Pillsbury is keeping Godfather's Pizza

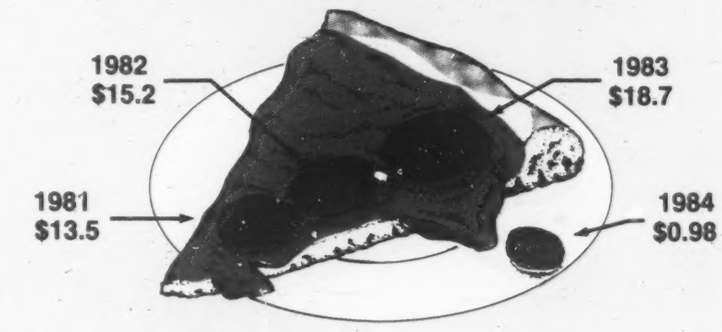
Pettis heads chain, reports to Campbell

By Don Jeffrey

MINNEAPOLIS — Pillsbury, whose restaurant concepts range from Burger King to Bennigan's and whose Totino brand of frozen pizza is market-share leader, is combining its expertise in fast-food operations and pizza marketing to try to turn around the once-mighty Godfather's.

GODFATHER'S PROFITS SPILL

(Pretax Profits by Fiscal Year, in Millions)



Source: Diversifoods' annual reports

After absorbing more than 375 Burger Kings purchased from Diversifoods into its company operations, Pillsbury has answered the major question that followed its $390 million acquisition: What will it do with Godfather's?

The 865-unit pizza chain will be operated out of Omaha by its president, Henry ("Pete") Pettis, who will report to Jeffrey Campbell, executive vice president of Pillsbury and chairman of its Burger King subsidiary.

"We know the pizza business," said Pillsbury spokesman Johnny Thompson. "Burger King knows the fast-food business. We think there's a lot of growth in the pizza market."

But, after a severe decline in profitability last year, Godfather's has had operating losses in the first two quarters this year. Sources said it is at a break-even point now.

Analysts who follow Pillsbury believe it has made a smart move in keeping Godfather's because it paid relatively little for the chain. Stephen Carnes, an analyst with Piper Jaffray, said, "I really have got a lot of confidence that two years from now you're going to see Godfather's as a bargain purchase."

Pillsbury's move into the pizza seg-

*(See **PILLSBURY**, page 125)*

Several big investors unload Church's stock

SAN ANTONIO — More than 3.7 million shares of stock in Church's Fried Chicken Inc., nearly 10% of its outstanding shares, were traded on the New York Stock Exchange in one day, fueling reports that an unfriendly takeover was in the works. It was the most active issue on the Big Board.

On the next day, Aug. 22, 960,000 more shares changed hands, making a two-day trading total of 4.68 million, or about 12.3% of the company's 37.8 million shares outstanding.

When the dust settled, the company and securities analysts reported that several big institutional investors had sold out their shares after two highly regarded analysts lowered their quarterly and yearly earnings estimates on Church's.

The chain has experienced soft sales recently, and its profit margins have been squeezed by the high costs of introducing its new catfish product. Catfish and chicken nugget sales reportedly have been cutting into fried chicken sales.

In the second quarter, ended June 16, net profit rose only 2.4%, to $11.2 million, as revenue went up 10.8%, to $139.4 million, compared with figures for the same period last year. For six months the net climbed 7.9%, to $19.1 million, on a 9.5% revenue gain, to $255.7 million.

Chief financial officer Bucky Kilbourne acknowledged that sales were flat—real growth had shrunk from about 8% to 0. "I don't think it's a marketing or operations issue," he said, "It's industry-wide."

He said Church's had begun promoting its catfish again in order to boost sales. Analysts

*(See **CHURCH'S**, page 125)*

HEAVY TRADING IN CHURCH'S

Date	Volume	Closing Price (Change)
Wed., Aug. 21	3,720,000	15 (−1)
Thurs., Aug. 22	960,900	15¼ (+¼)
Friday, Aug.23	333,400	15½ (+¼)

Total Shares Traded, Aug. 21-23: 5,014,300

Total Shares Outstanding: 37,000,000

Source: *NRN* research

New Arby's chief steers chain back to its roots

By David Zuckerman

ATLANTA — A two-year odyssey to break free from a limited market niche will apparently end at Arby's, as new president and chief executive Leonard H. Roberts attempts to steer the 1,440-unit chain back toward its roast beef origins.

"We can not be afraid of our own consumer niche as a roast beef chain," proclaimed Roberts, who joined Arby's on July 1 following an 11-year career with Ralston Purina. "For a chain to grow, it must have a clear niche in the marketplace, and in my opinion roast beef is a legitimate niche totally separate from burgers."

Frequently compared with the top fast-food burger

Roberts

Hermann

chains, Arby's has struggled with below-par average-unit sales and slow growth while the so-called big three—McDonald's, Burger King and Wendy's—have soared to new heights on the wings of massive marketing campaigns, new product rollouts and rapid unit development.

But while Arby's has attempted to match those efforts in the last few years by diversifying into breakfast,

*(See **ARBY'S**, page 125)*

FINANCIAL NEWS

NRN Index up 0.7 to 127.8; losers beat gainers 61-37

NEW YORK — Although declining issues continued to outnumber those advancing in price, the *Nation's Restaurant News* Food-Service Operators Stock Index climbed 0.7 in the week ended Aug. 23 to close at 127.8.

The Dow Jones Industrial Average rose 5.60 in the week, closing at 1,318.32. Analysts said rumors of corporate takeovers drove some stock prices up. In addition, some investors were encouraged by the news that the economy grew at a 2% annual rate in the second quarter, higher than expected.

On *NRN*'s complete, 117-stock listing, 61 issues declined in price while only 37 advanced. Nineteen were unchanged. Regarding volume surges, 43 issues traded higher than their previous 12-week averages.

TCBY Enterprises, parent of This Can't Be Yogurt, had the biggest percentage increase in price, 16.6%, after announcing the public offering of 450,000 shares. It rose $3.38 to $23.75, a new 52-week high. Others that closed at new highs were A & M Food Service, up 38¢ to $7.13, and Western Steer, up $1 to $12.

Issues with the greatest percentage price declines were Concept Development, down $4 to $7, a 36.4% drop, and Good Taco, down 13¢ to 31¢, a 28.6% decrease. Concept, the biggest Godfather's franchisee, was reported to have held discussions over possible acquisition of Godfather's.

VOLUME TREND LEADERS

(Volume Trend Change, in %)

Maverick Rest	M	468.8	SIS Cp	M	276.3
Chili's Inc	M	393.6	Sonesta Intl	M	180.0
Nathans	M	340.6	Jerrico Inc	M	178.3
Ramada Inns	N	318.1	TCBY Entrprs	M	164.3
Churchs Fr Ch	N	293.6	Allegheny Bev	M	160.4

TOP TEN GAINERS

(Weekly Price Change, in %)

TCBY Entrprs	M	16.6	Wstn Steer	M	9.1
Nathans	M	11.1	Taco Villa	O	8.7
Luby's Cafe	N	10.8	Pizza Inn	A	8.5
Jerrico Inc	M	10.6	Vicorp Restaurants	M	7.9
Ramada Inns	N	9.2	Ritzys G D	M	6.3

TOP TEN LOSERS

(Weekly Price Change, in %)

Concept Dev	M	- 36.4	Primo Inc	O	- 17.6
Good Taco	O	- 28.6	Am Restaurants	O	- 12.9
1 Potato 2	O	- 25.0	Consul Restaurant	M	- 11.1
Rankin Express	O	- 20.0	DiLites Of Amer	M	- 9.7
Kelly-Johnston	O	- 20.0	Capt Crab	M	- 8.3

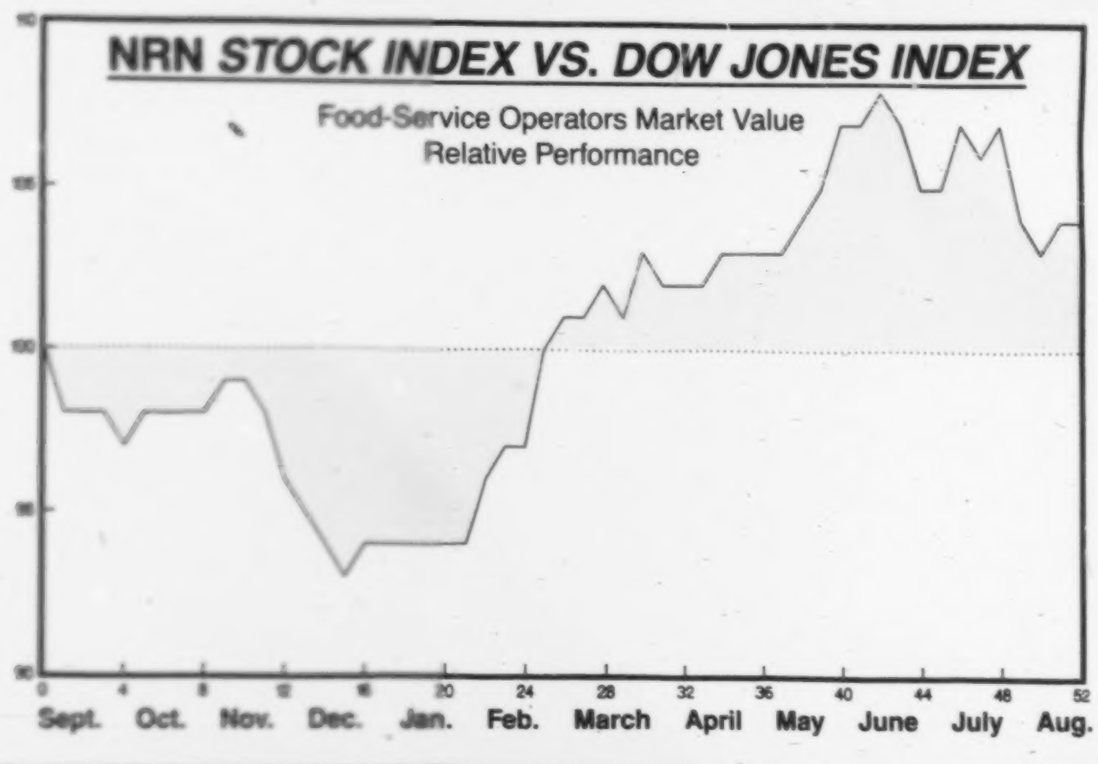
Company and Market	Stock Market: Price: 8-23-85 Close	Weekly Change: Amt.	Weekly Change: Pct.	Weekly Range: High	Weekly Range: Low	52-Week Range: High	52-Week Range: Low	Volume: Weekly Shares Traded: Total	Volume: Weekly Shares Traded: % Out	Volume: 12-Week Avg. Vol. As % Out	Volume: Volume Trend Change	Financial Update: P/E Ratio	Indicated Divd. Rate: Amt.	Indicated Divd. Rate: Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-
Food-Service Operators																	
A&M Food Svcs M	7.13	.38	5.6	7.13	6.38	7.13	3.50	255	.72	.65	10.8	20.4	.00	.0	—	6 mos.	06-85
Acapulco Rests M	5.00	.13	2.6	5.00	4.88	5.38	3.50	10	.04	.34	- 88.2	38.5	.00	.0	—	6 mos.	04-85
Am Restaurants O	3.38	- .50	- 12.9	3.75	3.13	4.75	2.38	163	.71	.33	115.2	67.5	.00	.0	—	3 mos.	04-85
Assoc Hosts M	12.63	- .25	- 1.9	12.88	12.50	17.13	10.75	686	1.55	3.63	- 57.3	20.0	.12	1.0	—	9 mos.	06-85
Benihana Natl M	17.63	- .13	- .7	17.63	16.75	21.75	12.38	1,103	3.79	5.68	- 33.3	16.5	.00	.0	—	fiscal	03-85
Bob Evans Farms M	21.00	.50	2.4	21.63	20.25	21.63	15.69	1,923	1.18	.97	21.6	20.0	.27	1.3	—	3 mos.	07-85
Calibre Cp M	1.75	.00	.0	1.88	1.75	5.13	.63	101	.33	.39	- 15.4	NE	.00	.0	—	6 mos.	01-85
Calny Food M	14.25	.25	1.8	14.38	13.13	15.13	8.13	3,320	7.34	3.34	119.8	21.0	.16	1.1	—	3 mos.	05-85
Capt Crab M	1.38	- .13	- 8.3	1.50	1.38	2.88	1.31	807	.53	.90	- 41.1	NE	.00	.0	—	6 mos.	02-85
Carrols Cp N	7.00	- .25	- 3.4	7.50	7.00	11.50	7.00	480	.62	.62	.0	9.9	.07	1.0	—	fiscal	05-85
Chefs Intl O	.56	.00	.0	0.69	0.56	1.06	.38	731	.38	.54	- 29.6	NE	.00	.0	—	3 mos.	04-85
Chi-Chi's M	10.63	- .38	- 3.4	11.00	10.50	16.88	9.38	2,543	.94	4.21	- 77.7	18.3	.00	.0		fiscal	04-85
Chili's Inc M	24.25	- .25	- 1.0	24.75	24.00	28.88	19.00	7,552	16.24	3.29	393.6	27.6	.00	.0		fiscal	06-85
Churchs Fr Ch N	15.50	- .50	- 3.1	16.25	14.50	20.25	12.75	53,540	14.21	3.61	293.6	13.2	.44	2.8	—	6 mos.	06-85
Collins Foods N	22.38	- 1.00	- 4.3	23.63	22.00	25.00	13.63	415	.32	.98	- 67.3	16.2	.16	.7	—	fiscal	04-85
Concept Dev M	7.00	- 4.00	- 36.4	11.25	6.50	16.75	5.75	5,130	9.92	4.41	124.9	NE	.00a	.0	—	9 mos.	03-85
Consol Profts M	3.50	- .13	- 3.4	3.63	3.50	5.38	3.38	185	.56	.60	- 6.7	15.9	.08	2.3	—	9 mos.	06-85
Consul Restaurant M	3.00	- .38	- 11.1	3.13	2.88	9.50	2.88	821	1.80	2.40	- 25.0	NE	.00	.0	—	fiscal	05-85
Cracker Barrel M	13.50	.00	.0	13.75	13.25	22.00	11.75	171	.48	1.72	- 72.1	18.8	.14	1.0	—	9 mos.	04-85
Cucos Inc O	5.25	.25	5.0	5.75	5.00	5.75	2.75	80	.46	.29	58.6	32.8	.00	.0		fiscal	06-85
Diversifoods M	11.25	- .25	- 2.2	11.25	11.25	14.63	8.00	25	.01	1.00	- 99.0	27.4	.34	3.0	—	3 mos.	03-85
DiLites Of Amer M	8.13	- .88	- 9.7	9.25	7.75	15.50	7.75	3,747	7.36	3.48	111.5	62.5	.00	.0	—	fiscal	03-85
Dunkin Donuts M	24.50	- .13	- .5	24.75	24.00	25.38	14.84	1,185	1.65	2.32	- 28.9	17.5	.24	1.0		9 mos.	07-85
El Chico M	12.00	.13	1.1	12.13	11.88	12.50	7.25	364	.78	2.18	- 64.2	14.1	.00	.0	—	fiscal	05-85
El Pollo Asa O	4.13	- .25	- 5.7	4.50	4.13	6.34	1.84	482	2.86	4.32	- 33.8	NE	.00	.0		3 mos.	06-85
El Torito Rest N	18.00	1.00	5.9	18.00	16.75	19.25	10.63	1,143	1.03	1.03	.0	16.7	.00	.0	—	6 mos.	06-85
Famous Rest M	2.50	- .06	- 2.4	2.56	2.44	4.63	1.63	293	.49	1.30	- 62.3	NE	.00	.0	—	3 mos.	03-85
Fast Food Oper O	.75	.00	.0	0.88	0.75	1.31	.63	225	.38	.53	- 28.3	25.0	.00	.0	—	fiscal	12-84
Flakey Jakes M	3.88	- .13	- 3.1	4.00	3.88	8.25	3.50	2,848	4.10	2.96	38.5	NE	.00	.0		6 mos.	06-85
Folks Rest O	2.25	.00	.0	3.00	2.25	7.38	2.25	5	.03	.27	- 88.9	NE	.00	.0	—	3 mos.	03-85
Fresher Cooker O	.38	.00	.0	0.63	0.38	6.38	.25	20	.09	1.02	- 91.2	NE	.00	.0	—	3 mos.	03-85
Frisch's A	23.25	- .75	- 3.1	24.00	23.25	26.00	14.50	66	.15	.19	- 21.1	20.2	.22	.9	—	fiscal	05-85
Fuddruckers Inc M	8.00	- .13	- 1.5	8.63	7.88	15.13	6.00	1,978	2.93	3.29	- 10.9	47.1	.00	.0	—	6 mos.	06-85
Good Taco O	.31	- .13	- 28.6	0.44	0.31	3.13	.25	273	.92	.86	7.0	NE	.00	.0	—	fiscal	02-85
Hamburg Hamlet O	14.50	.00	.0	15.00	14.50	15.25	10.50	1	.01	.46	- 97.8	7.4	.00	.0	—	fiscal	03-85
Hungry Tiger M	5.88	- .25	- 4.1	6.25	5.75	6.25	3.63	875	3.01	2.30	30.9	NE	.00	.0	—	9 mos.	05-85
Intl Dairy Queen O	62.00	2.00	3.3	65.50	60.00	65.00	39.00	18	.09	.15	- 40.0	15.2	.00	.0	—	6 mos.	05-85
Intl King Tab M	19.25	.25	1.3	19.25	19.00	24.75	15.25	317	1.10	2.00	- 45.0	12.7	.00a	.0	—	fiscal	06-85
JB's Rest M	13.38	.00	.0	13.63	13.00	15.50	9.09	1,802	3.90	4.72	- 17.4	17.6	.16	1.2	—	9 mos.	06-85
Jerrico Inc M	22.13	2.13	10.6	22.30	20.00	22.50	14.25	14,595	9.24	3.32	178.3	15.7	.12	.5	—	fiscal	06-85
Kapok Cp A	3.88	.13	3.3	3.88	3.63	4.38	1.13	140	.57	1.51	- 62.3	4.4	.00	.0	—	6 mos.	03-85
Karcher Carl M	16.25	.75	4.8	16.50	15.50	29.13	13.50	1,013	1.43	1.90	- 24.7	14.6	.00	.0	—	3 mos.	04-85
Kelly-Johnston O	.25	- .06	- 20.0	0.31	0.19	4.88	.19	1,509	1.77	1.03	71.8	NE	.00	.0	—	6 mos.	09-84
Lifestyle Rest A	1.63	- .13	- 7.1	1.75	1.50	3.50	1.50	146	.26	.35	- 25.7	NE	.00	.0	—	6 mos.	04-85
Luby's Cafe N	36.00	3.50	10.8	36.13	32.88	37.38	26.38	542	.45	.44	2.3	23.2	.60	1.7	—	9 mos.	05-85
Marcus Corp M	18.00	.38	2.1	18.00	17.50	19.13	13.88	138	.27	.28	- 3.6	11.3	.30	1.7	—	fiscal	05-85
Marriott Corp N	96.63	2.50	2.7	97.75	94.00	100.00	70.00	1,145	.44	.61	- 27.9	17.0	.54	.6	—	6 mos.	06-85
Maverick Rest M	2.44	- .19	- 7.1	2.75	2.38	6.00	2.25	453	.91	.16	468.8	81.3	.00	.0	—	3 mos.	04-85
Max & Erma's O	2.63	- .13	- 4.5	3.13	2.63	4.75	2.50	5	.03	.14	- 78.6	NE	.00	.0	—	6 mos.	04-85
McDonald's Cp N	64.13	- .25	- .4	65.38	64.00	70.00	48.50	8,760	1.02	.99	3.0	13.8	.90	1.4	—	6 mos.	06-85
McFaddin Ventures M	10.75	- .25	- 2.3	11.00	10.75	12.25	9.75	66	.13	.68	- 80.9	13.3	.00	.0	—	6 mos.	05-85
Morrison Inc M	19.88	.38	1.9	19.88	19.50	21.88	15.50	1,146	.86	1.47	- 41.5	13.0	.48	2.4	—	fiscal	05-85
Mr Steak O	1.50	- .13	- 7.7	1.63	1.38	3.13	1.13	880	1.86	.81	129.6	NE	.00	.0		9 mos.	06-85
Rankin Express O	.50	- .13	- 20.0	0.81	0.50	2.38	.50	318	1.41	.96	46.9	NE	.00	.0	—	3 mos.	04-85
Nathans M	4.38	.44	11.1	4.38	3.63	4.50	2.00	678	3.04	.69	340.6	13.7	.05	1.1	—	fiscal	03-85
Natl Pizza M	12.38	.00	.0	12.75	12.38	12.88	7.50	760	1.37	.92	48.9	16.7	.00	.0	—	3 mos.	06-85
Naugles Inc M	5.00	- .13	- 2.4	5.25	4.75	9.75	4.50	1,189	2.62	2.14	22.4	NE	.00	.0	—	9 mos.	03-85
Noble Roman O	7.25	- .13	- 1.7	8.00	7.25	8.50	5.94	41	.34	.37	- 8.1	42.6	.00	.0	—	3 mos.	03-85
1 Potato 2 O	.75	- .25	- 25.0	1.00	0.75	6.25	.50	136	.62	.56	10.7	NE	.00	.0	—	3 mos.	04-85
Old Fashion Fd M	4.50	.00	.0	5.00	4.50	5.25	4.00	74	.53	.65	- 18.5	7.1	.00	.0	—	fiscal	05-85
Pancho Mex Buffet M	7.38	- .13	- 1.7	7.38	7.25	8.38	6.00	348	.94	2.57	- 63.4	13.2	.13	1.8	—	9 mos.	06-85
Pic Restaurants M	.19	.00	.0	0.19	0.13	1.63	.13	671	.78	1.71	- 54.4	NE	.00	.0	—	6 mos.	12-84
Piccadilly Caf M	21.75	- .38	- 1.7	22.13	21.75	24.13	16.50	1,582	2.62	1.01	159.4	13.8	.60	2.8	—	9 mos.	03-85

Company and Market	Financial Update: Latest Quarter: Revenue: Amt.	Revenue: Chg.	Net Income: Amt.	Net Income: Chg.	E.P.S.: Amt.	E.P.S.: Chg.	Year-to-Date: Revenue: Amt.	Revenue: Chg.	Net Income: Amt.	Net Income: Chg.	E.P.S.: Amt.	E.P.S.: Chg.
-	$mil	%	$mil	%	$	%	$mil	%	$mil	%	$	%
Food-Service Operators												
A&M Food Svcs M	9.3	22.4	.5	25.0	.14	16.7	17.2	22.9	.8	14.3	.22	15.8
Acapulco Rests M	10.4	1055.6	.1	- 80.0	.04	- 80.0	19.9	114.0	.0	- 100.0	.01	- 92.3
Am Restaurants O	4.7	4.4	.0	- 100.0	(.01)	- 100.0	4.7	4.4	.0	- 100.0	(.01)	- 100.0
Assoc Hosts M	22.8	- 5.0	.6	- 45.5	.12	- 47.8	68.2	- 4.1	2.0	- 33.3	.44	- 33.3
Benihana Natl M	27.3	228.9	1.3	85.7	.45	50.0	67.0	238.4	3.1	121.4	1.07	91.1
Bob Evans Farms M	61.9	14.6	5.0	13.6	.31	14.8	61.9	14.6	5.0	13.6	.31	14.8
Calibre Cp M	3.6	2.9	(1.1)	NE	(.38)	NE	7.1	6.0	(1.8)	NE	(.60)	NE
Calny Food M	13.6	13.3	.9	.0	.19	.0	13.6	13.3	.9	.0	.19	.0
Capt Crab M	1.7	240.0	(.5)	NE	(.04)	NE	3.3	200.0	(1.1)	NE	(.08)	NE
Carrols Cp N	37.1	18.9	.7	- 41.7	.09	- 25.0	146.3	20.2	5.5	19.6	.71	4.4
Chefs Intl O	5.3	- 11.7	.0	NE	.00	NE	5.3	- 11.7	.0	NE	.00	NE
Chi-Chi's M	54.8	34.3	3.5	- 18.6	.13	- 27.8	198.6	25.7	15.6	- 6.6	.58	- 12.1
Chili's Inc M	21.0	69.4	1.4	75.0	.30	57.9	69.3	60.8	4.1	105.0	.88	76.0
Churchs Fr Ch N	136.7	11.3	11.2	1.8	.30	3.4	253.0	11.4	19.1	7.9	.51	8.5
Collins Foods N	124.0	18.9	4.4	22.2	.33	22.2	468.6	19.1	18.3	18.8	1.38	16.9
Concept Dev M	28.1	212.2	(1.2)	- 100.0	(.23)	- 100.0	30.2	9.4	(1.2)	- 100.0	(.23)	- 100.0
Consol Profts M	16.4	.0	(.1)	- 100.0	(.02)	- 100.0	50.2	- 2.3	.2	- 71.4	.06	- 68.4
Consul Restaurant M	24.0	50.9	(11.5)	- 100.0	(2.50)	- 100.0	87.0	37.2	(15.2)	- 100.0	(3.32)	- 100.0
Cracker Barrel M	16.0	16.8	.3	- 40.0	.07	- 61.1	46.8	18.2	.9	- 35.7	.26	- 50.0
Cucos Inc O	2.0	122.2	.1	NC	.05	66.7	6.8	112.5	.3	50.0	.16	23.1
Diversifoods M	128.2	2.0	1.3	- 76.8	.04	- 76.5	128.2	2.0	1.3	- 76.8	.04	- 76.5
DiLites Of Amer M	4.0	185.7	.2	NC	.04	100.0	11.5	98.3	.5	150.0	.13	44.4
Dunkin Donuts M	48.7	136.4	2.8	21.7	.37	15.6	73.4	17.1	8.2	17.1	1.11	15.6
El Chico M	27.7	43.5	1.2	33.3	.27	35.0	89.5	16.2	3.9	8.3	.85	6.3
El Pollo Asa O	1.4	100.0	.0	NE	.01	NE	1.4	100.0	.0	NE	.01	NE
El Torito Rest N	84.9	31.4	4.0	21.2	.35	20.7	150.3	22.1	8.2	26.5	.54	25.6
Famous Rest M	16.3	- 4.7	.4	NE	.07	NE	16.3	- 4.7	.4	NE	.07	NE
Fast Food Oper O	2.0	25.0	.0	- 100.0	.00	- 100.0	8.0	31.1	.2	- 33.3	.03	- 50.0
Flakey Jakes M	5.3	194.4	(3.9)	NE	(.56)	NE	10.6	221.2	(4.4)	NE	(.83)	NE
Folks Rest O	1.7	88.9	(.3)	NC	(.18)	- 100.0	1.7	88.9	(.3)	NC	(.18)	- 100.0
Fresher Cooker O	.7	- 22.2	(.2)	NE	(.15)	NE	.7	- 22.2	(.2)	NE	(.15)	NE
Frisch's A	32.2	- .6	1.7	- 10.5	.39	- 7.1	129.0	4.0	5.0	2.0	1.15	3.6
Fuddruckers Inc M	13.8	165.4	.4	NE	.06	NE	23.9	157.0	.5	NE	.08	NE
Good Taco O	.1	- 75.0	(.3)	NE	(.07)	NE	1.1	37.5	(1.4)	NE	(.51)	NE
Hamburg Hamlet O	9.9	6.5	.3	50.0	.39	30.0	38.6	8.7	1.4	75.0	1.95	68.1
Hungry Tiger M	20.7	- 3.3	(.4)	- 100.0	(.13)	- 100.0	49.6	- 5.3	(.9)	- 100.0	(.29)	- 100.0
Intl Dairy Queen O	48.4	27.7	3.1	- 90.5	1.54	40.0	75.6	15.1	3.9	- 88.3	1.92	35.2
Intl King Tab M	19.0	1.1	1.2	20.0	.41	41.4	80.7	3.2	4.5	18.4	1.52	19.7
JB's Rest M	32.8	47.7	.9	- 10.0	.24	- 14.3	69.5	42.7	1.8	- 5.3	.48	- 9.4
Jerrico Inc M	140.6	11.1	7.6	10.1	.48	11.6	518.2	7.0	22.3	9.3	1.41	9.3
Kapok Cp A	5.6	- 12.5	(.1)	NE	(.06)	NE	10.8	- .9	3.8	NE	1.61	NE
Karcher Carl M	95.5	- 2.7	.8	- 82.2	.11	- 82.8	95.5	- 2.7	.8	- 82.2	.11	- 82.8
Kelly-Johnston O	32.0	60.0	(9.8)	- 100.0	.44	193.3	60.3	93.9	(13.5)	- 100.0	.00	- 100.0
Lifestyle Rest A	24.6	- 12.1	(1.7)	NE	(.29)	NE	41.7	- 11.7	(4.2)	NE	(.73)	NE
Luby's Cafe N	52.5	14.4	5.5	7.8	.45	7.1	144.5	17.5	13.8	12.2	1.14	11.8
Marcus Corp M	40.9	3.5	2.6	13.0	.50	13.6	131.8	4.0	8.2	10.8	1.60	11.1
Marriott Corp N	1002.3	21.5	43.1	24.2	1.59	24.2	1876.5	19.6	70.8	22.7	2.63	24.6
Maverick Rest M	3.1	29.2	.0	- 100.0	.00	- 100.0	3.1	29.2	.0	- 100.0	.00	- 100.0
Max & Erma's O	3.8	- 13.6	.0	NE	.02	NE	8.6	- 2.3	.1	NE	.05	NE
McDonald's Cp N	965.6	10.5	117.1	7.8	1.35	10.7	1764.2	9.6	201.4	9.7	2.31	11.6
McFaddin Ventures M	16.6	74.7	1.4	75.0	.30	76.5	29.8	49.0	2.6	62.5	.55	61.8
Morrison Inc M	126.0	- 1.6	6.5	4.8	.48	6.7	484.3	4.2	20.9	2.0	1.53	4.1
Mr Steak O	7.0	- 59.1	(.5)	NE	(.11)	NE	21.8	- 56.2	(.6)	NE	(.14)	NE
Rankin Express O	.3	50.0	(.3)	NE	(.13)	NE	.3	50.0	(.3)	NE	(.13)	NE
Nathans M	4.5	9.8	(.2)	NE	(.07)	NE	21.7	8.5	.7	75.0	.32	68.4
Natl Pizza M	15.0	48.5	1.4	27.3	.26	18.2	15.0	48.5	1.4	27.3	.26	18.2
Naugles Inc M	27.4	11.8	(2.0)	NE	(.44)	NE	93.3	6.5	(1.7)	NE	(.38)	NE
Noble Roman O	4.7	4.4	(.1)	NC	(.11)	- 100.0	4.7	4.4	(.1)	NC	(.11)	- 100.0
1 Potato 2 O	3.5	- 7.9	(.4)	NE	(.17)	NE	3.5	- 7.9	(.4)	NE	(.17)	NE
Old Fashion Fd M	3.8	11.8	.4	300.0	.29	123.1	14.1	24.8	.9	28.6	.63	10.5
Pancho Mex Buffet M	9.7	16.9	.6	50.0	.17	6.3	26.1	14.5	1.2	20.0	.37	2.8
Pic Restaurants M	5.5	- 69.6	(17.1)	NE	(1.97)	NE	13.8	- 54.0	(20.4)	- 100.0	(2.36)	- 100.0
Piccadilly Caf M	44.0	2.6	1.3	- 40.9	.21	- 41.7	138.8	8.1	7.0	18.6	1.16	18.4

FINANCIAL NEWS

NRN STOCK INDEX
Food-Service Operators Market Value
140
130
120
110
100
90
0 4 8 12 16 20 24 28 32 36 40 44 48 52
Sept. Oct. Nov. Dec. Jan. Feb. March April May June July Aug.
Oct. 28, 1983 = 100

Source: Media General Financial Services


NRN STOCK INDEX VS. DOW JONES INDEX
Food-Service Operators Market Value
Relative Performance
110
105
100
95
90
0 4 8 12 16 20 24 28 32 36 40 44 48 52
Sept. Oct. Nov. Dec. Jan. Feb. March April May June July Aug.

Company and Market		8-23-85 Close	Stock Market: Price: Weekly Change Amt.	Weekly Change Pct.	Weekly Range High	Weekly Range Low	52-Week Range High	52-Week Range Low	Volume: Weekly Shares Traded Total	Weekly Shares Traded % Out	12-Week Avg. Vol. As % Out	Volume Trend Change	Financial Update: P/E Ratio	Indicated Dividend Rate Amt.	Indicated Dividend Rate Yld.	Latest Report: New Report	Latest Report: Period	Latest Report: Date Ended	Latest Quarter: Revenue Amt.	Latest Quarter: Revenue Chg.	Latest Quarter: Net Income Amt.	Latest Quarter: Net Income Chg.	Latest Quarter: E.P.S. Amt.	Latest Quarter: E.P.S. Chg.	Year-to-Date: Revenue Amt.	Year-to-Date: Revenue Chg.	Year-to-Date: Net Income Amt.	Year-to-Date: Net Income Chg.	Year-to-Date: E.P.S. Amt.	Year-to-Date: E.P.S. Chg.
		$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Pizza Inn	A	8.00	.63	8.5	8.00	7.25	12.75	6.88	434	1.43	.90	58.9	NM	.08	1.0		6 mos.	06-85	50.6	4.1	.3	- 72.7	.10	- 71.4	98.3	13.0	.4	- 78.9	.14	- 77.0
Po-Folks	M	13.50	.13	.9	13.50	13.38	15.88	8.75	401	.91	1.27	- 28.3	17.5	.00	.0	—	9 mos.	06-85	39.3	34.1	1.6	23.1	.36	24.1	99.8	31.7	2.4	4.3	.54	3.8
Ponderosa Sys	N	11.13	- .25	- 2.2	11.50	11.00	21.00	10.75	406	.42	1.57	- 73.2	24.7	.40	3.6	—	3 mos.	06-85	117.2	- 1.3	.8	- 82.2	.08	- 85.5	117.2	- 1.3	.8	- 82.2	.08	- 85.5
Primo Inc	O	1.75	- .38	- 17.6	2.13	1.75	4.63	1.50	151	.45	.69	- 34.8	NE	.00	.0	—	6 mos.	03-85	.8	- 20.0	.1	.0	.03	.0	1.8	- 10.0	.2	.0	.07	16.7
RAX Restaurants	M	7.13	.13	1.8	7.25	6.75	16.38	6.75	363	.53	.70	- 24.3	NC	.00	.0	—	fiscal	07-81	NC	NC	NC	NC	NC	NC	.0	NC	.0	NC	.00	NC
Rest Assoc	A	7.75	.00	.0	7.88	7.25	9.25	5.38	444	1.57	.83	89.2	16.8	.00	.0	—	6 mos.	06-85	35.8	9.1	.6	.0	.24	14.3	69.0	9.9	.3	- 50.0	.12	- 42.9
Rest Mgmt	M	14.75	- .25	- 1.7	15.00	14.75	15.00	6.75	43	.20	1.57	- 87.3	20.5	.08	.5	—	6 mos.	04-85	8.3	25.8	.5	66.7	.18	20.0	18.2	37.9	1.0	42.9	.39	21.9
Rest Systems	M	15.00	- .13	- .8	15.25	14.50	16.50	11.75	106	.46	1.05	- 56.2	16.5	.00	.0	—	3 mos.	03-85	10.5	1.0	.5	.0	.23	9.5	10.5	1.0	.5	.0	.23	9.5
Ritzys G D	M	2.13	.13	6.3	2.13	2.00	5.50	1.75	374	.72	.86	- 16.3	NE	.00	.0		6 mos.	06-85	3.9	14.7	(.3)	NE	(.06)	NE	6.9	11.3	(1.0)	NE	(.19)	NE
Rusty Pelican	M	15.63	- .25	- 1.6	16.00	15.63	18.25	11.00	269	.95	.76	25.0	21.1	.00	.0	—	9 mos.	04-85	13.0	39.8	.6	20.0	.24	- 4.0	34.5	40.2	1.1	.0	.42	- 20.8
Ryan's Fam	M	16.25	- .25	- 1.5	16.75	16.25	19.25	11.34	345	.50	1.03	- 51.5	25.6	.00	.0	—	6 mos.	06-85	12.4	61.0	1.3	62.5	.18	50.0	22.9	59.0	2.4	50.0	.34	41.7
Saga Corp	N	27.25	.63	2.3	27.88	26.38	35.00	24.50	947	.72	1.46	- 50.7	12.5	.52	1.9	—	fiscal	06-85	324.8	8.2	2.1	- 67.2	.16	- 66.7	1254.8	10.9	29.1	- 6.1	2.18	- 9.2
Sandwich Chef	M	7.88	- .38	- 4.5	8.25	7.88	9.00	6.88	5	.04	.67	- 94.0	13.8	.00	.0		fiscal	06-85	7.5	11.9	.2	.0	.17	.0	28.7	12.1	.7	.0	.57	3.6
Sea Galley	M	5.88	- .13	- 2.1	6.13	5.75	9.50	5.75	1,248	3.93	3.05	28.9	3.1	.00	.0	—	6 mos.	06-85	15.3	- 7.8	.3	- 81.3	.13	- 68.3	29.9	- 8.3	2.3	- 23.3	.70	- 9.1
Shoney's Inc	M	27.13	- .75	- 2.7	27.63	27.13	31.88	21.94	4,813	1.70	1.25	36.0	22.8	.15	.6	—	6 mos.	04-85	129.6	15.0	8.9	23.6	.31	19.2	279.6	15.4	17.2	25.5	.60	20.0
Shoney's South	M	11.88	- .13	- 1.0	12.00	11.63	16.59	10.00	1,257	2.23	1.61	38.5	11.0	.00	.0	—	6 mos.	06-85	44.1	10.3	2.1	.0	.36	5.9	94.4	9.1	3.0	- 25.0	.51	- 25.0
SIS Cp	M	5.00	.00	.0	5.00	4.25	6.00	3.25	221	1.43	.38	276.3	NE	.00	.0		6 mos.	06-85	2.4	61.9	.0	- 100.0	.03	- 25.0	5.9	68.6	(.1)	NC	(.06)	NE
Sizzler Rest Intl	M	16.50	.50	3.1	16.75	16.00	17.75	9.16	407	.40	.85	- 52.9	17.0	.00	.0	—	fiscal	04-85	42.6	12.0	2.9	16.0	.28	16.7	159.5	11.9	9.9	23.8	.97	24.4
Skippers	M	8.88	- .13	- 1.4	9.13	8.88	12.50	8.88	386	1.41	1.22	15.6	9.6	.06	.7	—	6 mos.	06-85	16.1	11.8	.6	.0	.24	9.1	31.5	13.3	1.1	.0	.41	- 2.4
So Hospitality	M	4.50	- .13	- 2.7	4.63	4.50	5.88	4.00	819	1.64	2.48	- 33.9	12.9	.00	.0	—	fiscal	05-85	9.4	- 6.9	.7	.0	.15	.0	38.7	8.4	1.7	13.3	.35	6.1
Stuff Yer Face	O	.59	.00	.0	0.66	0.59	1.44	.50	370	.24	.34	- 29.4	NE	.00	.0	—	9 mos.	12-84	.5	.0	(.4)	NC	(.03)	NC	1.5	7.1	(.6)	- 100.0	(.04)	- 100.0
Swensens Inc	O	1.88	.00	.0	2.13	1.88	3.50	1.50	23	.04	.28	- 85.7	NE	.00	.0	—	6 mos.	06-85	3.1	6.9	.0	NC	.01	.0	5.8	9.4	(.3)	NC	(.04)	- 100.0
Taco Villa	O	6.25	.50	8.7	6.75	5.75	7.75	4.75	125	.15	.11	36.4	32.9	.00	.0		6 mos.	06-85	18.9	166.2	.5	66.7	.06	- 14.3	34.1	138.5	.3	- 50.0	.04	- 73.3
Taco Viva	M	4.63	- .25	- 5.1	4.88	4.63	7.50	4.63	266	.79	1.09	- 28.4	13.6	.00	.0	—	9 mos.	02-85	5.5	- 6.8	.3	- 25.0	.10	- 9.1	17.7	8.6	.9	12.5	.27	12.5
TGI Friday's	N	10.00	.25	2.6	10.13	9.88	12.38	7.88	158	.14	.77	- 81.8	14.5	.00	.0	—	6 mos.	06-85	80.1	12.5	3.6	5.9	.20	- 11.1	156.4	14.6	7.0	7.7	.39	11.4
TGIF Texas	O	2.00	.00	.0	2.50	2.00	2.38	2.00	12	.06	.10	- 20.0	NE	.00	.0	—	3 mos.	03-85	3.2	23.1	(.2)	NE	(.15)	NE	3.2	23.1	(.2)	NE	(.15)	NE
TCBY Enterprs	M	23.75	3.38	16.6	23.75	20.25	23.75	3.28	4,459	10.23	3.87	164.3	66.0	.00	.0	—	6 mos.	05-85	4.3	267.1	.8	166.7	.19	171.4	6.3	200.0	1.0	233.3	.23	187.5
Transworld	N	38.88	- .13	- .3	39.25	38.38	41.13	28.00	4,458	1.25	1.71	- 26.9	12.9	.48	1.2	—	6 mos.	06-85	529.7	5.1	30.9	3.3	.79	- 7.1	1009.5	4.3	47.1	- 4.3	1.19	- 9.8
USACafes	M	5.31	- .19	- 3.4	5.50	5.13	6.00	3.13	2,205	3.51	3.09	13.5	15.2	.28	5.3	—	9 mos.	06-85	4.5	15.4	.5	.0	.10	.0	13.9	16.8	1.7	6.3	.26	- 10.3
Vicorp Restaurants	M	24.00	1.75	7.9	24.38	22.25	28.25	13.25	2,150	2.56	3.62	- 29.3	20.0	.12	.5	—	6 mos.	04-85	85.8	61.0	1.4	- 30.0	.17	- 43.3	192.5	121.3	2.8	- 9.7	.34	- 26.1
Victoria Stations	M	2.75	- .25	- 8.3	3.00	2.63	6.00	2.13	500	1.10	1.96	- 43.9	NE	.00	.0	—	fiscal	03-85	20.3	- 14.0	(2.2)	NE	(.62)	NE	93.8	- 7.3	(5.9)	NE	(1.67)	NE
Wendys Intl	N	16.63	- .13	- .7	17.00	16.38	19.13	12.19	7,172	.98	1.18	- 16.9	16.6	.21	1.3	—	6 mos.	06-85	290.4	20.8	22.3	15.5	.30	15.4	526.9	18.2	36.8	13.9	.50	13.6
Wstn Steer	M	12.00	1.00	9.1	12.00	11.00	12.00	9.00	45	.37	.34	8.8	19.7	.20	1.7	—	3 mos.	05-85	11.4	20.0	.3	.0	.27	3.8	11.4	20.0	.3	.0	.27	3.8
Winners Cp	N	5.88	- .13	- 2.1	6.13	5.75	11.88	5.13	181	.45	.81	- 44.4	NM	.00	.0	—	6 mos.	06-85	28.0	- .4	.2	- 75.0	.06	- 66.7	51.9	- 1.0	(.4)	- 100.0	(.10)	- 100.0
Hotels, Motels, and Casinos																														
Brock Hotel Cp	N	2.00	- .13	- 5.9	2.13	2.00	5.13	1.88	1,498	1.06	.80	32.5	NE	.10	5.0	—	6 mos.	06-85	61.9	- 9.4	(13.8)	NE	(.97)	NE	128.7	- 9.0	.1	NE	.01	NE
Hilton Hotels	N	60.00	.13	.2	60.38	59.00	77.50	49.38	2,203	.89	.68	30.9	12.6	1.80	3.0	—	6 mos.	06-85	190.7	40.7	27.5	11.8	1.11	20.7	358.9	19.8	51.0	16.7	2.05	25.8
Holiday Cp	N	50.75	- 1.13	- 2.2	52.25	50.75	54.13	35.25	2,385	.88	1.26	- 30.2	12.1	1.00	2.0	—	6 mos.	06-85	470.3	3.7	32.2	- 7.2	1.16	23.4	897.5	5.0	65.9	8.6	2.24	37.4
Prime Mtr Inn	N	33.13	.38	1.1	33.75	31.63	35.13	16.13	1,426	.74	1.03	- 28.2	29.3	.09	.3	—	9 mos.	03-85	53.0	19e.1	6.0	46.3	.31	47.6	155.5	208.5	17.3	36.2	.89	34.8
Ramada Inns	N	8.88	.75	9.2	9.50	7.75	2.50	5.13	50,721	13.63	3.26	318.1	NM	.00	.0	—	3 mos.	03-85	137.5	- 4.3	(1.6)	- 100.0	(.04)	- 100.0	137.5	- 4.3	(1.6)	- 100.0	(.04)	- 100.0
Servico Inc	M	20.13	.13	.6	20.50	20.00	21.38	13.44	46	.12	.42	- 71.4	14.0	.00a	.0	—	3 mos.	03-85	42.0	- 2.1	.1	- 88.9	.04	- 83.3	42.0	- 2.1	.1	- 88.9	.04	- 83.3
Sonesta Intl	M	23.00	.00	.0	25.50	23.00	27.00	18.50	22	.14	.05	180.0	7.7	.40	1.7	—	3 mos.	03-85	12.0	- 13.7	(2.1)	NE	(1.85)	NE	12.0	- 13.7	(2.1)	NE	(1.85)	NE
Other Companies with Food-Service Operations																														
Allegheny Bev	M	17.88	- .88	- 4.7	18.38	17.63	22.63	15.25	2,565	4.27	1.64	160.4	NE	.40	2.2		fiscal	03-85	129.6	NC	(5.6)	NE	(.90)	NE	495.6	346.5	(1.7)	- 100.0	(.28)	NE
Arden Intl	O	2.25	- .13	- 5.3	2.50	2.25	2.75	1.13	146	.62	.60	3.3	NE	.00	.0	—	3 mos.	03-85	3.5	20.7	(.1)	NC	(.04)	NE	3.5	20.7	(.1)	NC	(.04)	NE
Ch Full O Nut	N	8.13	.00	.0	8.25	7.88	11.41	7.03	257	.53	.60	- 11.7	NM	.00a	.0	—	9 mos.	04-85	29.9	4.2	.1	- 66.7	.02	- 66.7	87.1	.2	.4	- 60.0	.09	- 57.1
Disney, Walt	N	88.50	.50	.6	89.88	88.00	95.00	53.63	2,737	.83	1.74	- 52.3	50.0	1.20	1.4	—	9 mos.	06-85	546.9	11.2	52.5	15.6	1.56	26.8	1424.9	17.0	119.7	39.7	3.55	48.5
Gen Mills	N	55.38	- .75	- 1.3	56.88	55.13	64.00	47.75	2,850	.64	1.20	- 46.7	32.8	2.24	4.0	—	9 mos.	02-85	354.8	- 73.6	(74.1)	- 100.0	(1.64)	- 100.0	3300.6	- 22.2	35.6	- 81.5	.79	- 80.6
Grace W R	N	43.00	- .75	- 1.7	43.88	42.75	45.00	38.50	2,827	.58	1.03	- 43.7	12.5	2.80	6.5	—	6 mos.	06-85	1908.8	9.6	41.4	- 28.0	.83	- 29.7	3488.8	7.7	76.9	- 25.6	1.55	- 26.9
Horn & Hardart	A	8.88	.25	2.9	9.13	8.63	14.50	7.88	765	.63	1.09	- 42.2	NM	.00a	.0	—	6 mos.	06-85	91.3	- 2.6	(1.7)	- 100.0	(.15)	- 100.0	173.6	- 3.6	(1.7)	- 100.0	(.16)	- 100.0
Ogden Corp	N	31.63	.13	.4	31.88	31.25	34.25	24.13	1,107	.58	.90	- 37.6	18.2	1.80	5.7		6 mos.	06-85	NC	NC	5.4	- 53.0	.27	- 55.0	502.3	- 53.8	17.4	- 25.0	.90	- 25.6
PepsiCo Inc	N	58.88	1.50	2.6	59.38	57.25	60.50	39.88	8,393	.89	1.69	- 47.3	10.6	1.78	3.0	—	6 mos.	06-85	1880.8	- .3	256.3	174.1	2.68	173.5	3564.4	2.1	319.1	126.8	3.34	125.7
Pillsbury Co	N	51.88	.75	1.5	52.25	51.00	56.63	36.63	4,163	.96	.90	3.2	12.3	1.56	3.0	—	fiscal	05-85	1219.4	12.6	47.3	1.3	.89	- 17.6	4670.6	11.9	191.8	13.0	4.22	7.9
Redec	O	3.50	.00	.0	4.00	3.50	4.50	3.50	1	.01	.08	- 87.5	NC	.00	.0	—	3 mos.	03-85	1.1	57.1	(.1)	NC	(.03)	- 100.0	1.1	57.1	(.1)	NC	(.03)	- 100.0
Reynolds, RJ	N	26.50	- .38	- 1.4	27.63	26.00	35.00	24.44	22,284	.88	1.25	- 29.6	8.2	1.40	5.3	—	6 mos.	06-85	3404.0	31.0	228.0	- 14.3	.86	- 3.4	6302.0	34.4	410.0	- 5.1	1.52	7.0
Vie de France	M	9.75	- .13	- 1.3	9.75	9.50	14.75	8.13	785	.73	1.51	- 51.7	16.5	.23	2.4	—	9 mos.	03-85	18.8	16.8	1.5	- 11.8	.15	- 11.8	48.5	20.3	4.5	9.8	.42	2.4

Data and Table Provided by Media General Financial Services, Inc., Richmond, Virginia 23219

NOTES AND EXPLANATIONS: Market: N—New York Stock Exchange. A—American Stock Exchange. O—NASDAQ Over-The-Counter. M—NASDAQ National Market. **Reporting Period:** 3 mos.—First quarter of fiscal year. 6 mos.—First six months of fiscal year. 9 mos.—First nine months of fiscal year. fiscal—Fiscal year. NEW—New report since last issue. **General Field Footnotes:** NA—Not available or not applicable. NC—Data required for calculation currently incomplete in our files. NE—Negative earnings invalidate calculations. NM—No meaningful figure. a—stock dividend. b—cash plus stock dividend. **The Charts:** The *NRN* Stock Index calculates the per cent change in the market value of food-service operators since Oct. 28, 1983. The *NRN* Stock Index vs. Dow Jones Index calculates the relative performance of the two indexes from their levels of 52 weeks ago.

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Morrison opens new concept

Bakery, takeout at casual themer

By Mark Schoifet

ATLANTA — Morrison, branching out from its cafeteria-chain base into specialty restaurants, is opening a new casual-theme prototype that targets a 25-and-older "post-fern bar" customer base.

The 200-seat restaurant, called Sadie Lane's, is the first prototype developed by Morrison's Restaurant Concept division, formed a year ago to tap "the marketplace after they have outgrown the fern bars," according to senior vice president Dan Roberts.

"That seems to be the niche that we were missing as a company," Roberts said.

The Sadie Lane's restau-

*(See **MORRISON'S**, page 69)*

Baltimore's Harborplace, above, and Tampa's Harbor Island, below; sales for many are far below projections.

Hard times hit festival markets

Disillusioned feeders pull out

By Marilyn Alva

All is not well with festival marketplaces, those suburban-style eating and shopping malls that are appearing on urban waterfronts and in downtown sections of New York, Tampa, New Orleans, Toledo, Detroit and other cities.

Many restaurant operators and food vendors complain bitterly about high rents and maintenance fees, seasonal lulls, stiff competition and overly optimistic traffic projections by developers.

At South Street Seaport in lower Manhattan, two sit-down restaurants have filed for protection from creditors under Chapter 11 of the Federal Bankruptcy Code. A number of smaller vendors have left, including a pasta and cheese operation, a cookie shop, a croissant stand, a breakfast nook, a sausage outlet, a noodle house and a chicken and ribs unit.

At Waterside in Norfolk, Va., several mom-and-pop operators have failed and high rents and common costs are leading other merchants to talk about doing the same.

Sales at Harbour Island in Tampa, Fla., have dropped 35% to 40% since opening week festivities in June and week night business is "generally the pits," reported Robert Keilt, president of California Smoothie.

There is even trouble at established Faneuil Hall in Boston. "The whole marketplace seems to die in winter," said

*(See **FESTIVAL**, page 22)*

'Suddenly, cheap is chic'

Sluggish sales spawn heavy discounting

By Rick Telberg

Under intense pressure to boost sagging traffic counts, the nation's restaurant operators are waging a new discounting war marked by isolated outbreaks of outright price reductions.

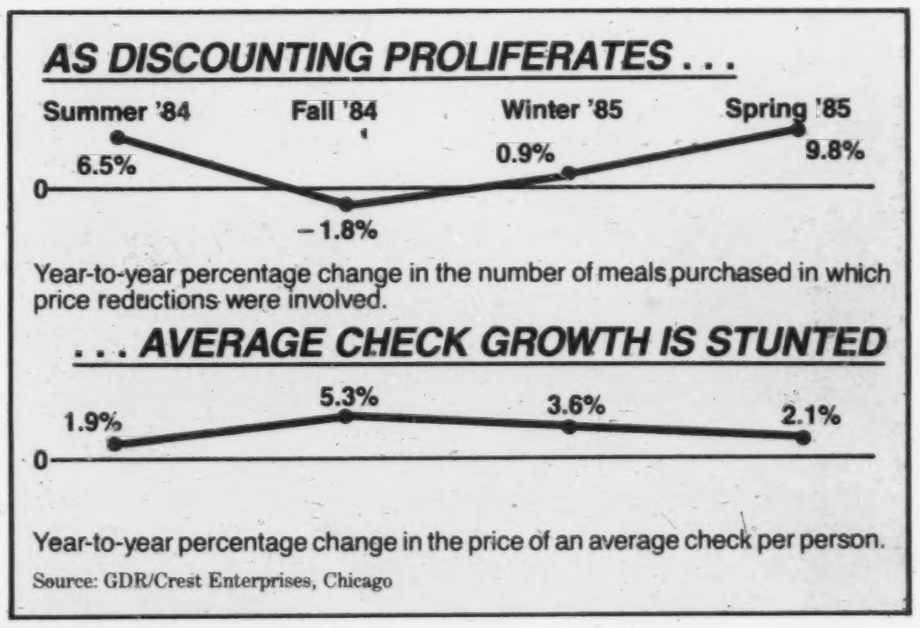
In recent months, chains such as Fuddrucker's, G. D. Ritzy's and Steak n Shake have cut prices to spur sales. Results have ranged from initial success to outright failure.

Analysts say price-off coupons and discount meal packages, a new device typified by McDonald's Value Pack, are proliferating at their fastest rate in at least a year. In addition, a new McDonald's ad campaign touts its breakfasts as inexpensive.

The pressure to offer new, low-priced products has spread even to swank white-tablecloth establishments, whose owners are spinning off downscaled cafe concepts, according to analysts.

"Suddenly, cheap is chic," said Ron Paul, president of Technomic Consultants Inc., a

*(See **DISCOUNTS**, page 69)*



Tex-Mex menu switch 'saves' L.A. restaurant

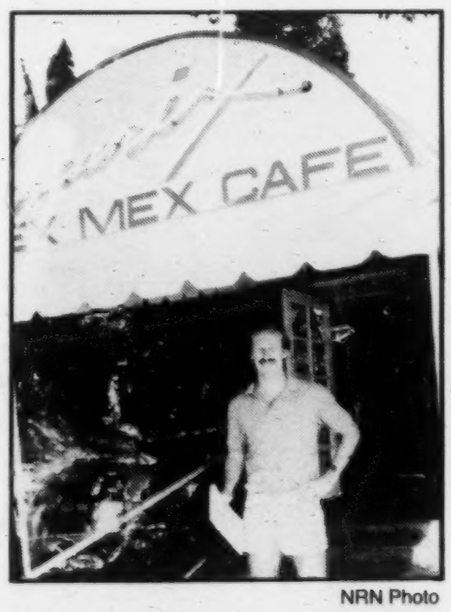
By Richard Martin

WEST HOLLYWOOD, Calif. — The impending failure of Marix, their first restaurant venture, galvanized attorney Vicky Shemaria and croissant-shop entrepreneur Mary Sweeney into action. In a critical two-week span following a hurried cooks' tour of San Antonio, the partners swapped filet for fajitas, baguettes for tortillas, linen for formica and cold banana mint soup for "charra" beans.

They purged their menu of California-accented pâtés, sautés and mousses and installed chili, chicken, fried steak and chimichangas. On an obscure side street off Santa Monica Boulevard, the eight-month-old Marix became Marix Tex-Mex Café in an abrupt and risk-fraught transformation.

But the flip-flop from French fare to fajitas, from peach bow ties to silver-

*(See **MARIX**, page 69)*



NRN Photo

Ken Moulton, general manager, at the front entrance

Whataburger rolls out chicken, tests salads

By David Zuckerman

CORPUS CHRISTI, Tex. — While the major national hamburger chains go toe-to-toe in an all-out marketing slugfest, Whataburger has quietly staked out a solid niche in the Southwest on the strength of its made-to-order burgers and breakfast program.

The 350-unit regional chain now is reaching beyond its largely working-class customer base with the rollout of a chicken breast sandwich and the initial testing of a preportioned salad—products geared to the burgeoning "Yuppie" population that is springing up in urban areas.

In addition, Whataburger has opened two units at the Naval Air Station here—its first venture onto military bases—and is experimenting with a scaled-down express

*(See **WHATABURGER**, page 12)*

Serpe's Small Feast caters big business

Targets sixfold sales boost

By Peter Romeo

NEW YORK — Angelo Serpe, the award-winning former chef of The Sign of the Dove restaurant here, has teamed up with two food-service newcomers to turn a 600-sq.-ft. catering-and-takeout business into an operation with the capability of serving 1,000 meals a day.

In addition to catering businesses and parties and serving The Small Feast's present takeout clientele, Serpe and partners Josephine and Phyllis Scicchitano plan to sell their sauces and baked goods via a chain of gourmet shops called A&S Fine Foods.

When the expansion of The Small Feast's market scope is completed, Josephine Scicchitano said, the storefront outlet should gross $2 million annually, or about six times the $350,000 it currently generates in yearly sales.

"We have endless possibilities," said Serpe, who joined The Small Feast earlier this summer.

Serpe currently prepares The Small Feast's 33 entrees, which range from Long Island roast duckling to a sandwich of babaganou on pita bread, in the Upper East Side outlet's tiny kitchen.

"We do about 150 meals a day right now," Serpe said. "With the new kitchen"—a 1,900-sq.-ft. facility about to open at presstime in Brooklyn, about nine miles from The Small Feast—"we could easily do 1,000 meals a day."

Serpe will operate the new kitchen, preparing the dishes and shipping them via truck to The Small Feast and, eventually, to other outlets the Scicchitano sisters plan to open throughout the city.

The Brooklyn facility will also enable The Small Feast to expand its catering operations.

NRN Photo

Phyllis Scicchitano, left, and sister Josephine.

"The most we can handle right now is dinner for about 20 [people]," said Phyllis Scicchitano. "We don't want to get into large groups because right now our store is too small. We only have 600 sq. ft., including the kitchen."

The Scicchitano sisters expect much of their increased catering business to be generated by referrals from the young professionals who stop at The Small Feast on their way home from work for a complete takeout dinner.

"We get single people who don't want to cook or couples that have company coming that night—pretty much everybody," said Phyllis Scicchitano. "We have strong word-of-mouth. We've never done any advertising."

A complete takeout dinner for two costs an average of $25, according to Josephine

*(See **SERPE,** page 12)*

Callender's may go public before being sold

By Richard Martin

NEWPORT BEACH, Calif. — Because recent merger negotiations have apparently collapsed, the 119-unit Marie Callender's pie shop-restaurant chain will probably go public before it is ever sold, "but not for two years," owner Don Callender told *Nation's Restaurant News.*

Callender thus clarified recent press reports which said he was poised to sell the chain to one of several suitors for $90 million in cash and stock. He also revealed during an interview at his home-base Marie Callender's unit here that he recently spurned a $90 million leveraged-buyout bid by Marie Callender's executives, who were backed by E. F. Hutton.

As previously reported, Callender has been discussing a possible merger with unidentified companies. "But I haven't had any realistic offers," the 57-year-old food-service maverick explained, describing all recent negotiations as "unproductive."

Callender conceded that a prominently placed article in the Aug. 26 *Los Angeles Times,* which discussed his proposed $90 million price tag, may have conveyed the impression that a sale was imminent. "I just hope it [the article] builds food sales," he said. (The *Times* article was picked up widely by other media, particularly on the West Coast.)

The Marie Callender's chain, half company-owned units and half joint ventures and franchises, has been experiencing a relatively flat year, according to Callender. The Long Beach, Calif.-based corporation netted $4.9 million on systemwide sales of $175 million last year, after netting $4.5 million on sales of $155 million in 1983.

Among the potential buyers

*(See **CALLENDER'S,** page 69)*

Bigger grain yield may spell lower meat prices

***NRN* Special Report**

In mid-August, the U.S. Department of Agriculture released its forecast for the country's grain crops this year. From the standpoint of farmers, it was not good news. But for food-service operators, it might mean the continuation of low red meat and poultry prices into next year.

The USDA predicted bumper crops of all feed grains and

Commodities

record harvests for corn, sorghum (milo) and barley. The Midwest growing areas are getting plenty of rain this summer, and this could mean bigger yields than normal. This, combined with a poor outlook for grain exports, could result in a glut of feed grains and force prices still lower, meaning lower feed costs for meat producers.

The government forecast 8.27 billion bushels of corn, which could drive corn prices down another 10% by the end of the year. This would be 24% less than two years ago. So many farmers planted sorghum this year that there should be 1.05 million bushels, forcing prices to drop 35%-45% less than last season. Barley is expected to drop nearly 15% in price from two years ago.

The nation's wheat crop was forecast to be 8% less than last year. With a drop in exports of about 15%, however, wheat stockpiles should be even larger than last year, with prices dropping about 10% from last season. The strong dollar has made U.S. grain less competitive on world markets, curtailing opportunities for exporting the surplus.

This glut of grain, which may result in a shortage of storage facilities, should keep meat prices low well into next year, assuming producers continue to move animals to feedlots. Hog and poultry prices should directly benefit from the lower costs of feeding because both have short gestation and raising periods. However, beef producers cannot turn around their current herd-thinning policies as quickly.

PRICE MOVEMENT AT A GLANCE

	Aug. 26, 1984	July 26, 1985	Aug. 26, 1985
Beef, Choice, 700-900 lb., Midwest (lb.)	$0.98	$0.80	$0.79
Broilers, Grade A dressed, icepack, NYC (lb.)	$0.5721	$0.5116	$0.5620
Cod, frozen, block & slab, imported, Boston (lb.)	$0.95-$0.98	$1.06-$1.07	$1.08-$1.09
Corn, Fancy whole kernel, NW (6/10)	$12.25	$10.75-$11	$10
Eggs, Grade A, large white, Chicago (doz.)	$0.65	$0.58-$0.61	$0.69-$0.72
Lettuce, iceberg, No. 1, Calif. (24s)	$6-$8	$4-$5	$4-$5
Pepper, black, NYC (lb.)	$1.05	$1.88	$1.75
Peppers, bell, large, No. 1, Calif. (30 lb.)	$4.50-$5	$8-$9	$5-$5.50
Pork loins, No. 1, 14-17 lb., Midwest (lb.)	$0.99	$0.79	$0.89
Scallops, frozen, 30/40 count, Canadian, Boston (lb.)	$5.80-$5.85	$4.75-$4.85	$4.90-$4.95

Source: *NRN* research

The biggest deterrent to beef herd rebuilding is the cash bind that most cattle producers find themselves in. It takes money to increase herds, but banks, stung on farm loans, are hesitant to lend the amounts of capital needed to replenish herds.

A major factor in keeping beef prices low is the continued large number of overweight animals on feedlots, being held back by feeders in hopes of getting better prices when the demand for beef again starts to rise seasonally later this month.

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Slow sales spawn discounts

(Continued from page 1)

Chicago market research concern.

"There hasn't been much growth in real incomes. And what people are earning, they are spending on their homes. With conditions like that, people in the industry have to be experimental to get traffic," he said.

The pressure on prices will not abate, analysts and executives say, until the nation's economy revives from its doldrums. And even then, it may not alleviate entirely, said Ben Crabtree, a stock analyst at Dain, Bosworth & Co. in Minneapolis.

"Consumers came through the last recession with a lot more of a permanent concern with price," Crabtree said. "They didn't trade back up when recovery came."

Technomics' Paul noted that a number of West Coast restaurateurs were launching downscaled concepts that offer stylish food at a fraction of the price at the original concept. He cited La Scala's La Scala Pronto, Le Dome's Cafe Colorado and Valentino's Primi, all in Los Angeles.

George Rice, president of GDR/Crest Enterprises, another Chicago market researcher, said the number of meals purchased this spring with the aid of a discount rose to 11.1% of all meals, or 9.8% over the year-ago level.

"I think we'll see another near-double-digit increase when the summer data arein," Rice said.

The round of heavy discounting, he said, held check averages to a stunted 2.1% rise this spring, after a healthy 5.3% annual gain in late 1984 when dealing activity actually declined 1.8% year-to-year.

Fuddrucker's, the chain of 80 hamburger restaurants based in San Antonio, Tex., recently trimmed 50¢ off its ½-lb. burger, to $3.35, and 60¢ off its new ⅓-lb. burger, to $2.65.

"The per-person ticket average dropped to about $4.80 from $5.25," said Fuddrucker's chairman William Baumhauer. "But we're finding a dramatic increase in sales."

G. D. Ritzy's, the Columbus, Ohio-based chain of 90 burger and ice cream restaurants, cut dessert prices 18% in its home market, and 14% in Pittsburgh and Cincinnati beginning last December.

But it took until last month for chairman Graydon D. Webb to be able to report that margins had snapped back into line.

At Indianapolis-based Steak n Shake, a 114-unit chain of hamburger restaurants, margins never snapped back. The program to cut prices at some stores and halt increases at others resulted finally in a $145,000 quarterly loss before it was abandoned.

"We were giving money away and we didn't see the increases we needed in customer counts or sales to cover the additional costs," said Steak n Shake president James Williamson Jr.

But the new surge of price cutting, many of the same analysts warn, comes at a time when pricing is becoming one of the least important elements in a restaurant's success or failure.

"They are fiddling with prices," said Carl DiBiase, whose Middletown, N.J., concern Restaurant Trends Inc., tracks sales at about 100 chains. "But the single most important factor in sales trends is still store-level management."

Morrison opens new themer

(Continued from page 1)

rant, scheduled to open Sept. 23, is a freestanding unit located adjacent to the Gwinnet Place Mall here. It will offer American food, including some Cajun dishes, in a nostalgic decor that recalls Williamsburg and Victorian architectural styles, Roberts said.

The focal point of the restaurant is an open bakery with a retail food counter located directly in front of the main entrance. The counter, with an etched glass backdrop, will sell made-on-premises pies, ice cream and bread to diners as well as take-out customers. The company is targeting 5% to 6% of gross sales for take-out business.

The average check for lunch and dinner is expected to be $7.50, which would place it in a lower category than traditional casual themers such as Bennigan's and T.G.I. Friday's. Although the food will be basic American and the desserts and bread fresh-baked, Sadie Lane's will not be in the "country kitchen" category with Po' Folks and other similar restaurants, according to Roberts.

"There's nothing hokey or country about it," Roberts said. "It's very classical. That's one way to put it."

Sadie Lane's does not feature an open bar, but a selection of specialty drinks is listed on the menu. Morrison is projecting alcoholic beverages will account for between 10% and 12% of gross sales. This compares with 25% at Morrison's Ruby Tuesday casual-theme chain, which draws a crowd younger than Sadie Lane's target customer base.

Roberts projected food costs of 33% and labor costs—there are 75 employees—at a below-average 17.5%. The company plans to keep menu prices stable during the opening months.

Morrison is not using radio or television to advertise the opening. But the company is getting out the message through direct-mail and print ads and flyers delivered by hand to nearby office parks and hospitals.

Morrison, based in Mobile, Ala., operates 155 units in its cafeteria division and 39 casual themers in its Specialty Restaurant division.

Marix switches to Tex-Mex

(Continued from page 1)

clasped string ties and from Meursault and Margaritas has meant the difference between *noche* and *dia* for Shemaria and Sweeney.

They currently serve some 300 "Texican" dinners and 100 lunches each day in their neonlit cantina, compared to the meager weekly tally of 130 dinners and 100 lunches they had sold in its former French incarnation.

Overflow crowds of casual diners now gladly ensure Marix's no-reservations policy, sipping fruit Margaritas, Texas punch or bloody "tequila Marias" while waiting to occupy the 85 seats set at 29 tables under a retractable canopy roof. Prices are moderate, and customers prefer the restaurant's more casual style, said general manager Ken Moulton.

"I can tell that nouvelle cuisine is fading fast," Moulton remarked. "You wouldn't believe the number of former French restaurant waiters I get here applying for a job."

Monthly sales since reopening in February have soared from $40,000 to over $120,000 in July. To cap Marix's impressive turnaround, a new larger branch operation at the beach is being readied for a November debut. The new place will feature seating for 150, a $15,000 automatic tortilla machine and a broader menu.

Currently, Marix's per-person tabs, including liquor, average $8 at lunch and $12 at dinner. Food and labor percentage costs run 20% and 25%, respectively. The restaurant still manages a 25%-30% food cost on sizzling fajitas (60% of all sales) despite the inflation of skirt steak from $1.10 a pound to about $2.15 a pound in the seven months since Marix reopened. (Heavy exports of skirt steak to Japan precipitated the price hikes, according to Moulton, a veteran of the McFly's and Grand American Fare chains.)

For $6.96 diners get a full ½ lb. of fajitas steak strips, redolent of a lime-garlic marinade, served sizzling on a black-iron platter with grilled onions, hot flour tortillas, guacamole and pico de gallo salsa. Half orders are $4.35.

Food margins are nicely enhanced by heavy sales of Margaritas (90% of all bar sales), featuring rotating daily flavor specials including blueberry, fresh mango, peach, strawberry and raspberry. (The traditional lime-flavored Margarita still accounts for two-thirds of Margarita sales.) Three sizes of the slush libation cost $4, $2.75 or $1.50; pitchers are $9. A "Kick Ass" margarita, made with premium tequila, runs $2.25 for a single and $4.25 for a double.

Marix offers its eight "Texican" dinners to complement standards like nachos, quesadillas, burritos and $4.95 combos of such items as enchiladas, tacos (soft or crisp) and chiles rellenos.

"Texican" specialties (with rice and beans) include carne guisada, beef tips with country gravy ($5.95); carne Tampiqueña, an 8-oz. charbroiled rib-eye with a green chicken enchilada and guacamole ($7.95); chicken fried steak, an 8-oz. cube steak with mashed potatoes and gravy ($4.95); a chocolate-and-spice-accented chicken mole ($6.25) and chile verde, diced pork simmered in tomatillo sauce ($5.75).

A survivor, the revamped Marix enjoys the marketing distinction of Tex-Mex in competition with the hundreds of other south-of-the-border restaurants in Los Angeles. Sizzling fajitas are at the core of its down-home, Texas-accented menu, instead of being the recent menu addition the dish is almost everywhere else.

And Marix occupies its niche virtually uncontested by local competition. Jake Ptasznik, owner of the high-grossing Orleans Cajun-Creole restaurant in west Los Angeles, considered the Tex-Mex option before he opened Orleans 10 months ago. Marilyn and Harry Lewis, owners of the Hamburger Hamlet chain, bought a local Tex-Mex concept called Armadillo Bistro some time ago for development, but have not yet rolled it out.

HoJo repositions restaurant

(Continued from page 2)

rial Group PLC. The London-based conglomerate noted in its 1984 annual report that "the [Howard Johnson] Division's lodging and hotel operations were again the major profit contributor," while "Howard Johnson restaurants showed a further decline despite much improved menus and service."

Conversion of the Asheville lodge and restaurant into the new hotel concept began in late February. A freestanding guest-registration building was razed, and the 100-seat orange-roof restaurant was gutted to provide space for a new front desk and lobby, meeting room, restaurant and lounge.

A porte cochere was added to the front of the lodge, and the grounds were relandscaped to give the whole plot more of a residential feel, the company said.

"A soft residential look"was also given to the guest rooms. The 68 units were retrofitted with a new furniture, fixtures and equipment (FF and E) package done in hunter green and rust color scheme.

About one-fourth of the rooms were converted into the Executive Section, where better-appointed rooms and extra amenities are provided, at a slightly higher rate, for business travelers.

Craig Alberghini, general manager of the Asheville property, said "our regular guests are enthusiastic about the changes." The renovation was the first one in 16 years for the facility.

The Asheville property's limited food-service operations and residential design position it as one of the many "rooms-only" concepts, such as Courtyard by Marriott, Wyndham Garden Hotels or Royce Inns, currently entering the midpriced lodging market.

Fisher noted that the Howard Johnson hotel concept still under development will also be "more of a residential-style property."

At the time Howard Johnson unveiled its new concept in Asheville, many in the hotel and food-service industries were reporting that a sale of the company to a partnership of Marriott Corp. and Prime Motor Inns was imminent.

Observers close to the negotiations between Marriott, Prime and Imperial said Marriott intends to convert orange-roof Howard Johnson restaurants to Big Boy outlets where Big Boy is not well represented, while Prime will run Howard Johnson's lodges and Plaza-Hotels.

Howard Johnson, also the parent company of the Ground Round restaurant chain, reported sales of $530.4 million for 1984.

Callender's may go public

(Continued from page 4)

generally mentioned in connection with his chain, Callender dismisses W. R. Grace & Co., Pillsbury ("too busy with [recently acquired] Diversifoods") and General Mills, a one-time suitor which has recently been divesting its own restaurant chains.

Accor, the French hotel-restaurant conglomerate which bought the locally based Seafood Broiler chain in 1983, once offered a cash sum to buy part of Marie Callender's and help take the chain public, Callender said. Greyhound Food Management also tried to acquire the chain last year, he noted. McDonald's Corp. is another unrequited suitor.

Callender said the LBO attempt by his own executives a few months ago failed because only half of the $90 million offer was in cash.

But Callender dismisses virtually all past offers as unrealistic. "They like to get you in their office and ask, 'What do you think you'd sell for?' But these guys will steal your goddamn hubcaps if they get the chance," the irascible pie mogul remarked.

("Most executives who run those companies don't make any more [money] than I do," Callender declared in an interview last December. "And I still get to take depreciation of $800,000 year on my Lear jet.")